

STATE OF DELAWARE



**EXECUTIVE DEPARTMENT
DOVER**

**EXECUTIVE ORDER
NUMBER FORTY-SEVEN**

TO: HEADS OF ALL STATE DEPARTMENTS AND AGENCIES

RE: THE DELAWARE ECONOMIC & FINANCIAL COUNCIL REVIEW OF STATE REVENUES

WHEREAS, the Delaware Economic & Financial Council (DEFAC) has provided the State of Delaware with objective and expert guidance on state revenues and helped contribute to Delaware's reputation for fiscal prudence; and

WHEREAS, in addition to DEFAC's responsibilities providing revenue and expenditure estimates, DEFAC is responsible for educating the public and policymakers about the financial condition of the State and related issues; and

WHEREAS, the State of Delaware's revenue portfolio continues to show growth, but various members of DEFAC and the public have expressed concerns about the composition of those revenues, including whether Delaware's revenue sources, both individually and as a whole, are sufficiently responsive to growth in the Delaware economy, whether those revenue sources are too volatile, and whether Delaware's revenue portfolio supports the State's economic competitiveness; and

WHEREAS, the State recognized some of these challenges to its revenues in 2008, when a report issued pursuant to Senate Joint Resolution No. 5 of the 144th General Assembly concluded that many of Delaware's revenue sources "have unique properties in terms of their cyclical and, especially, their structural risks"; and

WHEREAS, the State has managed these volatile and cyclical financial challenges in recent years by working to ensure that the State meets the increasing demand for government services in an efficient and effective manner that keeps a close control on costs, while preserving essential services and continuing to invest in education and job growth; and

WHEREAS, our State's tradition of prudent fiscal management requires we re-evaluate whether the State's revenue sources are too volatile and whether they provide a stable foundation for the State's fiscal future, and whether steps might be taken to improve the stability and decrease volatility of those revenues; and

WHEREAS, the General Assembly has in the last two years created separate bodies examining unclaimed property and the State lottery thereby providing policymakers and the public with a fuller understanding of Delaware's chief non-tax revenue sources, but there has been no evaluation of the adequacy and stability of other revenue sources since at least 2008, and

WHEREAS, the Chairpersons of DEFAC and of its principal subcommittees are best positioned to lead a review of the state's revenue sources, along with input from each of the General Assembly's four caucuses, the departments that collect most revenue, the State Treasurer and others with private and public sector experience.

NOW, THEREFORE I, JACK MARKELL, by virtue of the authority vested in me as Governor of the State of Delaware, do hereby DECLARE and ORDER that:

1. The DEFAC Advisory Council on Revenues (the "Council") is hereby created.
2. The Council shall be comprised of 12 members. The Chairperson of DEFAC shall serve as the Chairperson of the Council. The Council shall also be comprised of the Chairperson of the DEFAC Subcommittee on Revenue, the Chairperson of the DEFAC Subcommittee on Expenditures, four members of the General Assembly, the Secretary of Finance, the Secretary of State, the State Treasurer, and two public members with prior service in both government and the private sector, one from each major political party. The President Pro Tempore of the State Senate, the Speaker of the House, the Minority Leader of the Senate, and the Minority Leader of the House shall each appoint a member of their caucus to serve at their pleasure on the Council. The two public members shall be chosen by the Governor and serve at his pleasure.
3. Members of the Council shall receive no compensation, but shall be reimbursed for customary and usual expenses incurred in the performance of their duties. The Council shall adopt public procedures and standards for the conduct of its affairs, consistent with this Order.
4. The Council shall review the General Fund's principal revenue sources, including building upon analysis previously done by the Department of Finance, Office of Management and Budget and Controller General's Office, and undertake such analysis as the Council deems necessary to evaluate those revenue sources.
5. The Council's review of state revenue sources shall consider and evaluate whether Delaware's principal revenue sources are appropriately responsive to economic growth, whether they are too volatile, whether they are economically competitive, and in making such evaluations, note other tax policy issues that the pursuit of these objectives may entail.

6. On or before April 30, 2015, the Council shall report to DEFAC, the Governor, and the General Assembly any findings and any recommendations for alterations to Delaware's revenue portfolio.

7. The Department of Finance shall provide staff support to assist the Council in performing its duties and shall, upon request, provide the Council with reports and data helpful to the Council's ability to perform its assigned duties. All other executive branch state agencies and departments shall cooperate with the Council when requested. The Council may call and rely upon the expertise of individuals and entities outside of its membership for research, advice, support or other functions necessary and appropriate to accomplish its mission.

8. The DEFAC Advisory Council on Revenues shall be terminated on June 30, 2015, if not reconstituted by further executive order.

APPROVED this 14th day of January, 2015



A handwritten signature in blue ink, appearing to be "John M.", written over a horizontal line.

Governor

ATTEST:

A handwritten signature in blue ink, written over a horizontal line.

Secretary of State